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Chapter 7 Trustee

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA, SACRAMENTO DIVISION

In re
DAVID R. MICHAL,
Debtor.

Case No. 22-22056
Chapter 7

DCN: KMT-2

**EX PARTE APPLICATION FOR
AUTHORITY TO ISSUE DISCOVERY
PURSUANT TO FRBP 2004**

KIMBERLY J. HUSTED ("Trustee"), in her capacity as trustee of the bankruptcy estate of David R. Michal ("Debtor"), hereby applies for authority to issue discovery to Bank of America, N.A. ("Bank of America"), JP Morgan Chase & Co. ("JP Morgan"), Sierra Central Credit Union ("SCCU"), and Columbia Bank concerning the Debtor's business dealings, including any entity in which the Debtor or his spouse, Christine Michal, is a signatory, Management Services Company, KRC Partners, Inc., Reaven, Inc., Legacy Partners 314, LLC, DRC Properties, LLC, Asset Management Plus, LLC, Murchison Asset Group, LLC, Bulk Home Buyers, LLC, Murchison Group, LLC, Paragon Productions, LLC, On The Beam, LLC, Bulk Home Buyers of Georgia, LLC, Everlasting Investments LLC, Mustard Seed, LLC, Final Draft Brewing Co., LLC, Vision Care Device, LLC, Steeped Coffee, Inc., Infinite Water, Inc., Authentic Sales, LLC, Elias Michal Ventures, LLC, Redding Dev Partners, LLC, Monmouth Holdings, LLC, Eternal Management Solutions, LLC, Tyndale Capital, LLC, Stewardship Partners Group, LLC, East Dev Partners,

1 LLC, Merican Beverage California, LLC, Merican Beverage Company, LLC, Spring Creek, LLC,
2 Triple 7 Ranch, LLC, Daniels Road, LLC, Trinidad Revival, LLC, Liberty Dev Partners, LLC,
3 Blue Gold Capital, LLC, Monmouth Fund, LP, 100XR Ventures, LLC, Ergon Capital Holdings,
4 LLC, Vision Med Capital, LLC, RKC Partners Group, LLC, and Chrave, LLC (collectively,
5 "Entities"), with Bank of America, JP Morgan, SCCU, and Columbia Bank pursuant to Federal
6 Rule of Bankruptcy Procedure 2004 ("FRBP 2004"). In support of this application, the Trustee
7 submits the following:

8 1. On August 18, 2022, the above-captioned bankruptcy case was commenced by the
9 filing of an involuntary Chapter 7 petition. After trial, on or about June 5, 2023, the Court entered
10 a judgment ordering relief on Chapter 7 petition filed under 11 U.S.C. section 303. The Trustee is
11 the appointed Chapter 7 trustee for the Debtor's bankruptcy estate.

12 2. On or about July 14, 2023, the Debtor appeared at his initial 11 U.S.C. section 341
13 meeting of creditors, which was continued to July 24, 2023, August 2, 2023, and is now set for
14 August 31, 2023.

15 3. Through the Trustee's investigation and the meetings of creditors, the Trustee has
16 learned that the Debtor operates through numerous organizations and other entities, including the
17 Entities. The Debtor contends, and has produced diagrams, demonstrating that the Entities operate
18 in a convoluted structure (which include several layers of companies) in which his interest – or
19 that of his wife's interests – stem from various holding companies. These purported holding
20 companies include Reaven, Inc., Legacy Partners 314, LLC, Everlasting Investments, LLC,
21 Mustard Seed, LLC, Eternal Management Solutions, LLC, and Monmouth Holdings, LLC. These
22 holding companies then have an interest in various other Entities. However, most of the Entities
23 do not have an operating business. Despite having no operating business, financials produced by
24 the Debtor identify numerous loans issued between many of the Entities and notes payable
25 between the Entities.

26 4. The money used by the Entities for the loans are apparently from funds invested by
27 numerous investors, some of which have received money back from the companies in which they
28 invested.

1 5. The Debtor represents that the Entities bank with either Bank of America or JP
2 Morgan, and not with any other banking institutions.

3 6. The Debtor has further testified and acknowledged that, at least his spouse, has
4 taken money from deposit accounts from certain of the Entities in an attempt to build a "nest egg."
5 In addition, the Debtor's income is derived from "loans" his wife receives from certain of the
6 Entities. The Debtor has produced financial documents related to these issues which have been
7 from SCCU and Columbia Bank.

8 7. Pursuant to and to the extent allowed by FRBP 2004, the Trustee seeks authority to
9 issue discovery to Bank of America, JP Morgan, SCCU, and Columbia Bank regarding the
10 Debtor's business dealings with Bank of America, JP Morgan, SCCU, and Columbia Bank, along
11 with the business dealings of the Entities, and any other entity for which the Debtor or his spouse
12 is a signatory. The Debtor's business dealings include investments, accounts (statements, deposits,
13 loans, etc.), loan applications, loan payments, and financial dealings. Based on the above, an order
14 authorizing the discovery is proper under FRBP 2004 because such discovery relates to the acts,
15 conduct, and property of the Debtor and affects the administration of the Debtor's estate. The
16 order will allow the Trustee to review the Debtor's financial information, assist the Trustee with
17 understanding the Debtor's business dealings and financial affairs, and trace potential funds that
18 the Debtor or his spouse has received or has an interest. Finally, discovery is warranted given the
19 numerous claims asserted by investors against the Entities being used by the Debtor.

20 **WHEREFORE**, the Trustee prays that the Application be granted, and for such other and
21 further relief as the Court deems necessary and proper.

22 DATED: August 11, 2023

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD
A Professional Corporation



25 By:

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Chapter 7 Trustee